



TIPS

The Investment Property Strategists

Rentals are more affordable.

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According to the Real Estate Institute of Australia's March Housing Affordability Report, Victorian rental houses and apartments are more affordable than most.

The affordability of rents is determined by comparing the proportion of family income needed to meet median rental payments.

In this year's March quarter, 22.6 per cent of the average family income was required to meet the cost of a rental home in Victoria.

This compares favourably with the most expensive state, Tasmania, where 29.4 per cent is required.

In New South Wales 27.4 per cent is required and in Queensland, 24.9 per cent.

There are only two states where it is less expensive: Western Australia, where 21.9 per cent is required; and the ACT, where it's a very affordable 16.6 per cent.

In every state or territory other than the Northern Territory it is more affordable to rent than own a home.

In Victoria, 32.6 per cent of the average family income was required to meet loan repayments.

The affordability comparison does, however, obscure the more difficult problem with renting a home in Victoria: the incredibly low vacancy rate. Victoria has far fewer homes than necessary to meet the needs of a growing population.

The state and federal governments' response has been to fund more affordable rental homes and increase approvals granted. However, far more is needed.